

## Message Text

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ORIGIN COME-00

INFO OCT-01 EUR-25 ISO-00 EB-11 SS-20 L-03 CIAE-00 INR-10

NSAE-00 RSC-01 TRSE-00 STR-08 NSC-10 /089 R

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DRAFTED BY COM/554/BEWT/EE/RSEDWARDS

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COM/554/BEWT/EE/RDSEVERANCE

COM/TDAD/AJPLANAGAN

STATE/EUR/EE/RCHRISTENSEN

STATE/EB/EWT/S. HAAS

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R 272107Z FEB 74

FM SECSTATE WASHDC

TO AMEMBASSY BUCHAREST

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E.O. 11652:N/A

TAGS: BDIS; RO

SUBJ: TRADE COMPLAINTS: PHOSPHATE ROCK EXPORT  
ASSOCIATION

REF: BUCHAREST A-19; BUCHAREST 0505

1. (BEGIN UNCLASSIFIED) COMMERCE RAISED AZOEXPORT COMPLAINT WITH WILLIAM CHADWICK, PRESIDENT OF ASSOCIATION, CHADWICK EXPRESSED REGRET THAT ASSOCIATION UNABLE TO COMPLETELY FILL CONTRACT, BUT CITED INSURMOUNTABLE PROBLEMS OF LIMITED PRODUCTION CAPACITY AGGRAVATED BY ENERGY CRISIS AS REASONS FOR HAVING TO DECLARE FORCE MAJEURE. (DELIVERIES ARE ACTUALLY 20,000 TONS SHORT RATHER THAN 40,000 SINCE CONTRACT PROVIDES AMOUNT OF 200,000 TONS PLUS OR MINUS 10 PERCENT.)

2. CHADWICK CITES FOLLOWING SPECIFIC PROBLEMS. PHOSPHATE ROCK INDUSTRY DEPRESSED IN SIXTIES AND PLANT MAINTENANCE NEGLECTED. ANTICIPATED NEW CAPACITY NOT AVAILABLE AS  
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DEMAND ROSE STARTING 1972. ATTEMPTS TO INCREASE PLANT

UTILIZATION LED TO ACCIDENTS, E.G., SEVERAL HUGE DRAG LINES FELL INTO PITS (CAUSING A LOSS OF 500,000 TONS IN ONE CASE). CAPACITY FURTHER REDUCED BY ELECTRIC POWER CUTBACKS DUE TO ENERGY SHORTAGE AND ALSO LACK OF RAILROAD EQUIPMENT.

3. CHADWICK EMPHASIZES ROMANIANS TREATED EQUITABLY ALONG WITH OTHER CUSTOMERS UNDER AN OFFICIAL FORCE MAJEURE DECLARATION. FEB 8 SHIPMENT OF 31,000 SHORT TONS REPRESENTED SINCERE EFFORT TO COME AS CLOSE AS POSSIBLE TO FILLING ORDER. HE ALSO POINTS OUT THAT ROMANIANS IN 1972 REQUESTED AND ASSOCIATION ACCEPTED, 50,000 TON REDUCTION IN CONTRACT AMOUNT, AND BELIEVES THAT ROMANIANS SHOULD BE AT LEAST AS FLEXIBLE IN OPPOSITE SUPPLY-DEMAND SITUATION. (END UNCLASSIFIED)

4. (BEGIN LIMITED OFFICIAL USE) ASSOCIATION'S POSITION SEEMS FIRM AND WE DOUBT THAT IT CAN BE PERSUADED TO DISINVOKE FORCE MAJEURE. IF ROMANIANS SHOULD DRAW UNFAVORABLE COMPARISON BETWEEN PROGRESS ON RECENT TRADE COMPLAINTS OF US FIRMS AND THIS SITUATION, YOU MAY WISH TO POINT OUT TO THEM THAT, CONSISTENTLY WITH THE US-ROMANIAN JOINT ECONOMIC STATEMENT, COMMERCE HAS UNDERTAKEN THE STEPS TO PURSUE PROMPT AND EQUITABLE SETTLEMENTS THAT ARE OPEN AND APPROPRIATE TO IT WITHIN THE LEGAL AND ECONOMIC FRAMEWORK OF US, WHICH IMPLIES A LIMITED GOVERNMENTAL ROLE.(END LOU)  
CASEY

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 27 FEB 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** morefirh  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974STATE039291  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** 554/BEWT/EE/RSEDWARDS  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** n/a  
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**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t1974025/aaaaaehj.tel  
**Line Count:** 87  
**Locator:** TEXT ON-LINE  
**Office:** ORIGIN COME  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:**  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** BUCHAREST A-19; BUCHAREST 0505  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** morefirh  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 30 MAY 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <30 MAY 2002 by elyme>; APPROVED <10 JUN 2002 by morefirh>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** TRADE COMPLAINTS: PHOSPHATE ROCK EXPORT ASSOCIATION  
**TAGS:** BDIS, RO  
**To:** BUCHAREST  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005